

A coalition of organizations, elected officials, and energy activists, each a supporter of “all cost effective energy efficiency” . . .

Acadia Center

Rep. Robert Backus

Former Rep. David Borden

Clean Energy New Hampshire

Conservation Law Foundation

Department of Environmental Services

Sen. Martha Fuller Clark

New Hampshire Businesses for Social Responsibility

New Hampshire Legal Assistance

Office of the Consumer Advocate

Southern New Hampshire Services

. . . is proposing an Option 3 for discussion alongside Option 1 and Option 2 from the June 1, 2020 presentation of the NH Saves Program Administrators.

Option 1: “2020 Reset”

Focus on budget: use 2021 as a rebuilding year to “ramp” back up to 2020 budget

Focus on budget: 2022 and 2023 are years for “measured ramp in budgets

Option 2: “Business as Usual”

Use approach from the May 1 draft Triennial Plan from the Utilities/Pas

Maybe allow unspent 2021 money to be used in 2022

Maybe “higher incentives than planned” for 2021

May need to seek PUC approval later for higher budgets and lower goals

Option 3: “Rise to the Challenge”

Not “business as usual” -- the pandemic and recession won’t allow or justify it

Cost-effective savings continue to drive budgets, in the spirit of the 2016 approval of the Energy Efficiency Resource Standard concept

# Option 3: Short-term Challenges, but Significant Opportunities

- While COVID-19 presents short-term economic challenges, the response to the pandemic necessitates increasing efforts to reduce energy burdens across society and for the communities hardest hit by the pandemic
- Both Options 1 and 2 discount the benefits to consumers gained from decreasing the burdens of energy bills during the uncertain economic situation
- The economic situation also presents an opportunity to develop a NH workforce that can deploy energy efficiency measures effectively and swiftly

# Option 3: Rising to the Challenge

- “All cost effective energy efficiency” remains the objective
- Focus on a cumulative three-year savings goal
  - At least 5 percent of 2018 electric sales over three years
  - At least 3 percent of 2018 natural gas sales over three years
- Program administrators may carry budgets forward or back within 3-year period
- Reprogram performance incentives to align with integrated savings goals and risks faced by the utilities
- Acknowledge that goals, programs, or budgets may need adjustment during the triennium; *see, e.g.* mid-term modification.

# Option 3 budgeting issues/questions

- The EERS should be a key element of putting New Hampshire back to work, reducing energy burdens, keeping wealth local and promoting “green” jobs
- Amortizing, rather than expensing program contributions to EE measures, is one potentially effective strategy for keeping SBC/LDAC costs down and increasing savings goals
- Plans for lighting measures should be realistic and responsible, so we take maximum advantage of remaining lighting potential early in the triennium

# Amortization: Just one possible means to an end

- Not an either/or choice – do not have to amortize everything
- Various methods for calculating interest rates/costs of capital— stakeholders open to evaluating how best to measure this
- Accounting can be tricky; within the expertise of the utilities' rate and regulatory analysts
- Need to factor in tax advantages and full present-value of measures as deployed, including environmental benefits and cost reductions that are available from amortization

# Option 3 proponents believe . . .

- Consensus on a three-year plan for 2021-2023 remains desirable and achievable
- Three years provides an opportunity to build EE programs, manage risk, and provide stability
- Economic crisis = opportunity
- Cost-effective savings mean less energy costs and a healthier environment for all
- Abandoning the upward trajectory of EE savings would prevent NH customers from enjoying the substantial benefits gained from EE resources
- Setting a suitably high target now assures funds are available if goals are achievable, without precluding later revisions as effects of pandemic reveal themselves